

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 98-0185P

**Sales and Use Tax
Calendar Years 1994, 1995, 1996**

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer protests the penalty assessed on an audit completed on February 2, 1998.

Taxpayer failed to self-assess and remit use tax for calendar years 1994 and 1995. In 1996 taxpayer made an effort to remit tax but paid it on the annual income tax return. Taxpayer is an Indiana corporation that accrued use tax monthly in 1994 and 1995 but failed to pay the use tax accrued on their annual return. In addition, the audit revealed additional purchases subject to tax where use tax was not accrued.

ISSUE

II. **Tax Administration** – Penalty

DISCUSSION

Taxpayer requests a waiver of penalty and states it was under the impression that the use tax was being paid with the annual income tax filing that was filed on a consolidated basis by the parent

company. Further they state they did accrue for the majority of the items that were discovered during the audit.

Taxpayer's audit revealed that no use tax was remitted in 1994 and 1995 although the taxpayer accrued on its books. For 1996 approximately seventy-five percent (75%) of the use tax was self-assessed. Taxpayer made no corrections for 1994 and 1995.

The taxpayer was negligent in failing to remit approximately twenty-five percent (25%) of the use tax due in 1996 and one hundred percent (100%) in 1995 and 1994.

FINDING

Taxpayer's protest is denied.